

Big Projects Advance in Montgomery

*Plans Include Spa,
Thousands of Homes*

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Two major Montgomery County developments moved closer to reality yesterday: One would bring luxury living and a high-end spa to North Bethesda and the other, thousands of new homes and businesses to Gaithersburg.

In North Bethesda, a Virginia developer finalized a once-tenuous deal to build the country's second Canyon Ranch Living community. Residents of 434 condominiums there will pay between \$900,000 and \$5 million to live at a spa with on-site nutritionists and access to top doctors.

Separately, the Montgomery County Council cleared the way for a more traditional mixed-use development that could bring as many as 2,250 homes and 320,000 square feet of offices and shops to Gaithersburg. After hours of heated debate, the council voted 7 to 2 yesterday to give the city permission to annex one of central Montgomery's last few pieces of undeveloped land — the 182-acre Crown Farm — so a local businessman can build a pedestri-

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2 Projects Would Add High-End Spa, Thousands of Homes to Montgomery

newly residential and commercial complex.

Although they have little in common, both projects will leave significant impacts in a county with limited space and a growing population now estimated at 800,000 people. One-third of the county, mostly the northern tier, has been reserved for open space and farmland, leaving little land for development in southern and central Montgomery.

County officials and developers behind the North Bethesda and Gaithersburg projects as vital to the county's economic development.

"These projects indicate our ability to provide housing options while ensuring that schools and transportation infrastructure are built," said council member Steven A. Silverman (D-Arlington).

The two deals have faced many hurdles.

The Potomac Group of Tyson's Corners, which is developing the North Bethesda project, secured a partnership deal with Canyon Ranch, which offers the five-year company to receive an upfront payment and ongoing management fees to run the development. But the land — 50 acres of Interstate 270 and Old Georgetown Road — belongs to the Catholic family, which developed the Rock Spring office park in Bethesda, home to Marriott International.

In July, Canyon Ranch officials told The Post that a deal between Potomac and the Catholics was near and that they were hopeful it would be closed soon. And then nothing happened.

Months went by without the deal being finalized. What happened, according to a well-placed real estate industry source, is that the deal fell apart. Both sides recently came back to the negotiating table and agreed on a deal. The financial terms were not disclosed.

Inspired by the healthy lifestyle and other offerings of the renowned Canyon Ranch Spa in Arizona and Massachusetts, the \$1 billion Canyon Ranch project in North Bethesda will be one of the most unusual in the region.

It will feature two 30-story towers of 650 condominiums, 137 hotel rooms, 87 luxury rental apartments and a 56,000-square-foot wellness center.

Residents and hotel guests will be able to dine at gourmet clubs and design stores with on-site boutiques.

"Washington, D.C., has become a very affluent market, a real international city," said Kevin Kelly, the president of Canyon Ranch, which opened its first living community in Miami Beach, Fla., last year. "We like the market, and it's a perfect place for us to be."

At a time when the real estate market is softening, the idea is to persuade some of the nation's wealthiest residents to move out of their homes and into a new city where residents and hotel guests can use Potomac Group and Canyon Ranch executives said they believe that



that will have a permanent effect on the community.

One major point of contention was whether Marylanders would be forced to buy undesirable development rights. The county agreed not to acquire reserve 30 years ago, setting some of the most stringent zoning requirements in the region. To make up for limiting their

ability to build on their land, property owners in the reserve were given transferable development rights. They can sell those to developers, who can then use them to build in certain "receiving areas" outside of the reserve.

County officials said that under most circumstances, Marylanders would have to buy as many as 54 of

the rights, which they note is more according to the market but have around \$40,000. A council committee that reviewed the proposal last recommended that Marylanders put \$1 million into the county's agricultural easement program in lieu of buying the rights because Marylanders were offering to donate 34 acres for a new high school. Yesterday, it declined that figure.

"I think we've lost out the past months for a reasonable approach to the easement," said County Council Member Michael Knapp (D-Upper Meriville).

Marylanders said yesterday that he was pleased with the outcome and hoped city officials would give final approval.

residents who can afford to spend a million dollars on a house are less likely to be sensitive to a suburban real estate market.

The Canyon Ranch Living development will be the anchor of a much larger development on the 50 acres, to be called Rock Spring Center. Potomac also plans to build 600,000 square feet of upscale office space, 425 rental apartments and 300,000 square feet of upscale retail centers and restaurants that will be open to the public.

Potomac officials have cleared most zoning and county development review hurdles.

The Gaithersburg project, meanwhile, has one more to go: It must be approved by the mayor and City Council.

Some residents have opposed the project, saying it would bring school crowding and too much traffic. Located east of Sun Day Highway, south of Fields Road and west of Orange Drive, Crown Point's barns and open fields of grass stand out in what has become a highly developed area with apartment buildings and chain stores.

"As much as we would like to see the city's growth here, the reality is that this land is going to be developed in some way," Mayor Sidney A. Katz said.

Yesterday, the County Council agreed to let Gaithersburg annex the farm on the condition that local residents don't have to pay more than 12.5 percent of the costs of modernizing public roads for lower-income residents and donate \$2 million to the county's agricultural preservation program. In exchange, Marylanders and his partners, who include builder R2B LLC of Los Angeles, could build as many as 100,000 square feet of offices and retail along with homes, townhomes, single-family houses and high-rises, some as tall as 30 stories.

County Council members Marilyn Paulsen (D-Bethesda Council) and Phil Andrews (D-Gaithersburg/Cockeysville) said the council had not taken enough time to consider the proposal.

"I think it just moved too fast," Andrews said. "Given a full six months of legislation that can be reversed, this is a permanent change